MARYLAND HEALTH CARE COMMISSION

UPDATE OF ACTIVITIES

April 2002

DATA SYSTEMS & ANALYSIS

Data Base and Software Development

Internet-Based Physician Re-Licensure Application
MHCC is developing a Physician re-licensure application for the Maryland Board of Physician Quality Assurance (BPQA). Staff is developing the application and, once complete, will release the product to BPQA who will be responsible for operation. The application will support the renewal process and the collection of all data needed by BPQA and MHCC. The application will also support fee payments routed through the Bank of America. One FTE is currently assigned to the project. The staff will provide a demonstration of the product to the Commission at the May meeting.

The Board of Pharmacy has requested that MHCC staff assist in developing on-line renewals for pharmacists. Several other boards have also expressed interest. The BPQA application is being developed with application portability in mind. Staff anticipates that similar applications could be developed for the smaller boards at a considerably lower level of effort than required for BPQA's application. As these boards collect an MHCC user fee from health care professionals via the renewal process, the Commission has an incentive to make the effort as efficient as possible.

Ambulatory Surgery Survey
The Commission released the 2001 Ambulatory Surgical Center survey on March 28th to approximately 290 facilities. Information from the 2000 survey will be used for a variety of health planning functions and in the ASC information guide, which is scheduled for release in the summer of 2002. Facilities have 45 days to complete the survey.

Long-Term Care Surveys and Analysis Activities
The staff is making modifications to the Maryland Long-Term Care Survey in anticipation of releasing the survey in August. No major design changes are planned for this year, but some questions will be refined and internal edits will be expanded. The 2002 survey will gather information needed for the facility characteristics component of the nursing home quality assessment guide. Utilization data collected through the survey will support health planning activities at MHCC.

Cost and Quality Analysis
The staff will release three spotlight articles at the meeting. The first spotlight report focuses on spending for hospital outpatient services. The analysis examines in greater detail the 13.7 percent increase in outpatient spending that occurred between 1999 and 2000. This increase is significant because hospital outpatient spending contributed almost as much as inpatient services to the overall statewide growth rate of 8.4 percent, even though outpatient services accounted for just over 25 percent of all hospital spending in 1999. The analysis suggests that the increase in spending from 1999 to 2000 is due to increases in the number of visits (or claims) and to growth

in the number of services per visit to hospital outpatient departments. The findings reported in this analysis support a recent Health Services Cost Review Commission and Maryland Hospital Association (HSCRC/MHA) workgroup study of ambulatory surgical and emergency room services that found increases in volume and resource-intensivity of outpatient visits drove the growth in those sectors. Although the analysis did not explicitly examine resource intensity, recent results from the MHCC practitioner report analysis reinforce that HSCRC finding.

A second spotlight examines growth in the prevalence of Alzheimer's Disease (AD) from 1996 to 1999. During that period, diagnosis of AD increased by 86 percent among Medicare beneficiaries that were covered for at least part of the year by traditional Medicare. Rates of change in prevalence varied significantly across the state from 65 percent decrease in prevalence in St. Mary's county to an increase of over 300 percent in Somerset county. For the four largest jurisdictions (Baltimore city, Baltimore county, Montgomery, and Prince George's) the prevalence of AD in the population covered via traditional Medicare nearly doubled. Better diagnosis and increases in the population over 85 years old are two factors that account for some of the increased prevalence.

The third spotlight examines changes in HMO enrollment from 1999 to 2000 and posits possible reasons for some of the declines. Overall, the analysis shows that HMO enrollment in the state declined for the second consecutive year. The private market experienced a modest decline, and the Medicare market fell more markedly, but Medicaid HMO enrollment grew by about 10 percent. Across regions of the state, only the National Capital Area experienced HMO growth in private and public programs.

EDI Programs and Payer Compliance

EDI Promotion and HIPAA Awareness
The staff is continuing to work on a draft of *"A Guide to Security Readiness"* an assessment tool designed to assist small facilities and practitioners with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) security regulations. The HIPAA/EDI Work Group is assisting the staff by commenting on the draft document. We anticipate presenting a draft of the document to the Commission at the June meeting.

Revisions to HIPAA Privacy Regulations
CMS released proposed changes to the HIPAA privacy regulations on March 27th. The most significant proposed changes are as follows:

- **Elimination of the requirement that direct care providers obtain patient consent prior to giving care.** The federal Department of Health and Human Services (HHS) concluded that prior consent requirements would pose a significant impediment to access to care in a variety of settings, including obtaining prescriptions and in seeking care from a specialist after referral. The proposed rules remove the consent requirements for treatment, payment, and health care operations that could interfere with efficient delivery of health care. Instead, HHS proposes to strengthen requirements for providers to notify patients about their privacy rights and practices. Under the proposal, patients would be asked to acknowledge the privacy notice, but doctors and other providers could treat them if they did not.

- **Maintains the "minimum necessary" rule, but clarifies that treatment-related conversations are allowed.** The final rule raised concerns that the "minimum necessary" provisions would prohibit routine conversations between doctors and

patients, nurses and others involved in a patient's care. The proposal makes clear that that doctors could discuss a patient's treatment with other doctors and professionals involved in their care without fear that their conversations could lead to a violation. As long as a covered entity met the minimum necessary standards and took reasonable safeguards to protect personal health information, incidental disclosures — such as another patient hearing a snippet of conversation — would not be subject to penalties.

- **Reassures parental access to their children's records**. Some interpretations of the final rule suggested that it limited a parent's access to their child's medical records. The proposed change clarifies that existing state law governs disclosures to parents. In Maryland, specific areas are defined where children can seek care without parental consent including drug/ alcohol treatment, and abortion/ birth control counseling and treatment. Medical records associated with these types of care are also protected. In cases where state law is silent or unclear, the revisions would preserve state law and professional practice by permitting a health care provider to use discretion to provide or deny a parent access to such records as long as that decision is consistent with state or other law.

- **Prohibits use of records for marketing, while allowing appropriate communications.** Based on consumer concerns that the marketing provisions were ineffective to protect patient privacy, the proposed rules explicitly require pharmacies, health plans and other covered entities to first obtain the individual's specific authorization before sending them any marketing materials. At the same time, the proposed rules continue to permit doctors and other covered entities to communicate freely with patients about treatment options and other health-related information, including disease-management programs.

The proposed changes also simplify the authorizations for use of protected health care information. HHS signaled its intention to re-consider the use of identified versus de-identified health care information. Many researchers are extremely concerned that limiting access to an indirectly identifiable status will significantly deter health services research. Finally, HHS provides samples of business associate agreements for covered entities that must bind their contractors that hold protected health care information.

Institutional Review Board
The MHCC Institutional Review Board will meet on May 7th to review a data request from Cohen, Rutherford, Blum & Knight, a public accounting firm located in Rockville Maryland, for access to sensitive data elements such as patient ZIP codes from the 2000 and 2001 DC hospital data set. The applicant requests access to this data for use in a number of hospital planning projects that the firm plans to undertake in the next year.

PERFORMANCE & BENEFITS

Benefits and Analysis

Comprehensive Standard Health Benefit Plan (CSHBP)
At the October 2001 meeting, the Commission voted on proposed benefit changes to the CSHBP. The Commission adopted the provisions of HB 160 (coverage for hearing aids for children) into the CSHBP with a clarification in the regulations that coverage is limited to a minor child, defined as a child ages 0 to 18 years. These proposed regulations were published in the *Maryland*

Register at the end of December for the 45-day comment period. At the February 2002 meeting, the Commission adopted the regulations as final so that the benefit changes can be implemented on July 1, 2002.

On January 31st, Commission staff mailed the annual financial survey packets to all carriers participating in the small group market in Maryland. The deadline for carriers to submit this data was April 5th. Staff will complete an analysis of the survey results, including number of lives covered, number of employer groups purchasing the CSHBP, loss ratios, average premiums as they relate to the 12-percent affordability cap, etc. Staff will present these findings to the Commission at the May meeting.

Study of the Small Group Market

SB 457 of 2001 required the Commission to contract with an independent consultant to: (1) conduct a study comparing the performance of Maryland's small group heath insurance market reform law to other states; and (2) meet with and provide periodic updates to an independent advisory committee. Health Management Associates (HMA), the consultant who was awarded the contract, conducted telephone interviews with the insurance departments and carriers of the six states included in the study. Elliott K. Wicks, Ph.D., Project Manager for HMA, presented a draft outline of the report to the Commission at the January meeting. Dr. Wicks presented the findings and recommendations of this independent study to the Senate Finance Committee on February 20th, and to the Economic Matters Committee on February 26th. A copy of the final report was distributed to the Commission, and is available on the Commission's website at http://www.mhcc.state.md.us/cshbp%5Csmallgrpfrpt.pdf.

In order to implement a recommendation from Dr. Wicks' report, SB 888 and HB 1427 were introduced by the leadership and passed by the General Assembly. If signed by the Governor, these bills will take effect October 1, 2002 and will reduce the self-employed open enrollment from twice a year to one time per year. The Maryland Insurance Administration (MIA) regulations will need to be revised to implement this change. All other recommendations in Dr. Wick's report would be subject to future study and would not require legislative change.

Evaluation of Mandated Health Insurance Services

At the December 2001 meeting, the Commission approved the mandated benefits report prepared by our actuarial consultant, William M. Mercer, Inc., for public release. The final report was sent to the General Assembly in January 2002. It is available on the Commission's website at: http://www.mhcc.state.md.us/cshbp/mandates/finalmercerreport.pdf . Printed copies are available from Commission staff. Legislators have until July 1, 2002 to request an evaluation of mandated insurance services as to their fiscal, medical and social impact. To date, one evaluation has been submitted – requiring insurers to provide coverage for mental health treatment for children over a certain time period. In addition, all proposed mandated benefits that either passed or failed during the 2002 General Assembly session will be evaluated in the upcoming report.

Substantial Available and Affordable Coverage (SAAC)

Legislation passed by the 2001 Maryland General Assembly freezes the existing differential provisions of the SAAC product administered by the HSCRC through June 30, 2003. Regulations to conform the SAAC benefit plan to the CSHBP became effective with open enrollment periods beginning December 1, 2000. At the October 2000 meeting, the Commission approved regulations to further conform the SAAC benefit plan to reflect changes to the CSHBP that became effective July 1, 2001.

Currently, there are three carriers participating in the SAAC market. However, Aetna and Optimum Choice, Inc. have notified the MIA and the HSCRC that they are no longer accepting enrollees through open enrollment. Both carriers are considering leaving the market altogether. Finally, CareFirst is eliminating the FreeState and Delmarva HMOs from the SAAC market, the non-group (individual) market, and the small group market.

The General Assembly has enacted HB 1228 (this year) under which the SAAC program and the Short-Term Prescription Drug Subsidy Program are replaced with the Maryland Health Insurance Plan Fund and Senior Prescription Drug Program which are administered by the newly-created Maryland Health Insurance Plan (MHIP), an independent agency within the MIA. The MHIP Fund is financed through a proportionate assessment on hospital net patient revenue that would equal the CY 2002 SAAC funding. The MHIP Board is responsible for running the programs. Carriers must report to the MIA the number of applications for medically underwritten individual policies that they have declined. The Senior Prescription Drug Program is funded through enrollee premiums and a subsidy by a nonprofit health service plan (CareFirst) not to exceed its premium tax exemption. The MHCC is no longer responsible for developing the benefit plan.

Legislative and Special Projects

Nursing Home Report Card
Chapter 382 (SB 740) of 1999 requires the Commission, in consultation with the Department of Health and Mental Hygiene and the Department of Aging, to develop a system to comparatively evaluate the quality of care and performance of nursing facilities. The web-based Nursing Home Performance Evaluation Guide is available through the Commission's website by following this link: http://209.219.237.235/ . An updated version of the Guide is now available and includes a revised Deficiency Information page, updated data from the Minimum Data Set and the MHCC Long Term Survey, as well as an advanced search capability, allowing consumers to search by facility characteristics and certain services.

The Commission is participating in a pilot program currently underway that is sponsored by the federal Centers for Medicare and Medicaid Services. A report on the pilot project will be discussed at the April Commission meeting.

Hospital/Ambulatory Surgical Facility Report Card
Chapter 657 (HB 705) of 1999 requires the Commission to develop similar performance reports on hospitals and ambulatory surgical facilities (ASFs). The required progress report has been forwarded to the General Assembly. The Commission has contracted with the Delmarva Foundation, in partnership with Abt Associates, to: (1) analyze hospital data to develop appropriate indicators for inclusion in the Hospital Performance Evaluation Guide, and (2) design and execute a consumer-oriented website for the Guide. The initial version of the Hospital Performance Evaluation Guide was unveiled at a press conference on January 31st.
The web-based Evaluation Guide is also available through the Commission's website by following this link: http://hospitalguide.mhcc.state.md.us/ .

This first iteration of the Hospital Guide features structural (descriptive) information and the frequency, risk-adjusted length-of-stay, and risk-adjusted readmissions rates for 36 high volume hospital procedures (diagnosis related groups or DRGs). Readmission rates for circulatory system diseases and disorders are currently under review and will be released at a later date. Data for those facilities with less than 20 discharges per DRG in the reporting period are not presented.

Data collection for the two core measure sets (Congestive Heart Failure and Pneumonia) under the Joint Commission on the Accreditation of Healthcare Organization's (JCAHO) ORYX initiative will begin in May 2002. Data will be gathered on a pilot, or test, basis through June 2002. Data gathered between July and December 2002 will be made publicly available in the second iteration of the Hospital Guide in Spring 2003.

A separate guide is being developed for the ambulatory surgical facilities (ASFs). It is anticipated that the ASF Consumer Guide will be made public in the summer of 2002.

State-Level Survey of the Uninsured
A state-level survey of the uninsured has been developed by a team of staff from DHMH's Office of Planning, Development and Finance and Office of Public Health Assessment in coordination with Commission staff. The contract was awarded to the Gallup Organization, which had conducted a number of similar surveys in other states. Gallup's subcontractor, REDA International, began conducting interviews in Maryland on October 8th. Data collection, with a final total of 5,137 households, was completed on December 28, 2001. Gallup has provided the required tables and charts and staff is currently assessing the data.

Patient Safety
Chapter 318 (HB 1274) of 2001 requires the Commission, in consultation with DHMH, to study the feasibility of developing a system for reducing preventable adverse medical events. A Maryland Patient Safety Coalition was initiated by the Delmarva Foundation and, at this time, is serving as the Commission's sounding board for its activities related to patient safety. The preliminary report, approved by the Commission at the December meeting, was sent to the General Assembly. One of the preliminary recommendations has been enacted by the General Assembly. That bill removes the medical review committee statute that applies to all health care practitioners from the BPQA statute, where it is currently codified, and places it in a separate subtitle within the Health Occupations Article to make practitioners more aware of the protections available to them. It also codifies case law to clarify that certain good faith communications designed to lead to remedial action are protected even when they are not made directly to a medical review committee or committee member, but are nevertheless designed to remedy a problem under the jurisdiction of a medical review committee.

HMO QUALITY AND PERFORMANCE

Distribution of 2001 HMO Publications

<table>
<tr><td rowspan="2">Cumulative distribution - beginning with release of each publication</td><td colspan="3">9/28/01- 3/31/02</td></tr>
<tr><td>Paper</td><td colspan="2">Electronic Web</td></tr>
<tr><td rowspan="2">Comparing the Quality of Maryland HMOs: 2001 Consumer Guide (30,000 printed)</td><td rowspan="2">25,118</td><td>Interactive version</td><td>Visitor sessions = 1,243
Hits = 5,687</td></tr>
<tr><td>pdf version</td><td>Hits = 22,328</td></tr>
<tr><td>2001 Comprehensive Performance Report: Commercial HMOs in Maryland (700 printed)</td><td>655</td><td colspan="2">Hits = 3,075</td></tr>
<tr><td>Policy Report on Maryland Commercial HMOs: The Quality of Managed Care (1,500 printed)</td><td>967</td><td colspan="2">Hits = 1,233</td></tr>
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March 2002 YTD			
Category	Consumer Guide 30,000 printed	Compre-hensive Report 700 printed	Policy Report 1,500 Printed
Public Libraries (includes depositories for government publications)	18,084	270	168
Academic Libraries/Graduate Programs	1,346	17	93
HMOs	1,970	68	10
Maryland consumers requests	234	13	3
Insurance Brokers	350		4
MD Legislators and Staff/State Agencies	716	74	465
Press Conference (includes media)	103	40	84
National Contacts / Requests	70	70	70
Physicians/health care providers	263	5	25
Unions / Large Employers / Organizations	1,035	11	26
MHCC Contractors	123	24	54
Small Businesses	13		
Schools	50		
Local Government	3		
Not Specified/Not Identified	758	95	
Cumulative Totals:	25,118	687	1,002

Distribution of Publications

During March, HMO Division staff met with the executive director of the Maryland Health Care Coalition, an organization composed of representatives from both large and mid-size businesses. The two organizations agreed to stay in touch, with a view to having Commission staff attend a future meeting or workshop sponsored by the Coalition for its business partners. HMO Division staff would provide information about the Evaluation Guides produced by the Commission.

HMO publications were provided to local chapters of Med Chi, businesses, and several medical facilities. Copies of the HMO Guide for Consumers were sent, along with letters suggesting an article, to several business publications, e.g., *Washington Business Journal* and the *Business Monthly*. This month, staff will contact several large businesses that hold open enrollments in June for which the Commission provides large numbers of HMO Consumer Guides each year.

Performance Evaluation Guide Bookmark

MHCC's new bookmark informs consumers that HMO, nursing home, and hospital performance evaluation guides are now available. The bookmark will be used as a give-away at health care delivery sites. It includes a short description of each of the three types of evaluation guides produced by the Commission and tells consumers how/where each guide can be found on the Internet. In the case of the HMO publications, it states that hard copies also are available from MHCC.

Staff contacted the BPQA and drafted an article for its spring newsletter to all Maryland physicians. Pending final approval of the Board, the short article will offer to provide quantities of the bookmark to physicians who would use them as handouts to patients who are interested in comparisons of managed care plans, nursing homes, and hospitals. As long as supplies last, all requests by physicians who contact the Commission asking for bookmarks will be honored. A cover letter to accompany the bookmarks has been written.

2002 Performance Reporting:
CAHPS Survey, Audit of HEDIS Data, National CAHPS Benchmarking Database (NCBD)
In March, HealthcareData.com (HCD), the audit contractor, completed site visits to seven of the nine plans that will take part in MHCC's 2002 review of commercial managed care plans. Joyce Burton, Health Policy Analyst, attended the site visit of the Preferred Health Network, PHN. In addition to continuing to review the reports from HCD and providing feedback, staff is reviewing the baseline assessment tool (BAT) that each plan completes as part of the audit process. This very long, comprehensive tool collects documentation of the effect that a plan's information management practices have on HEDIS reporting. MHCC staff has three objectives in reviewing the BAT: to determine the level of plan compliance in completing the BAT; to determine the degree of auditors' oversight in this mandatory part of the audit; and to determine if content derived from the BAT could contribute to any of the HMO publications.

As a check on the CAHPS survey of health plan members, staff was "seeded" for each of the four pieces of mail being sent to a sample of 950 members of each plan. All four waves of the 2002 mailing have been completed as of March 28th. On April 9th, telephone follow-up calls began to members of the sample who had not yet completed a questionnaire. The phone portion of the survey includes six attempts to reach persons in the sample. Staff has begun drafting guidance to Market Facts on content and organization of the reports of the CAHPS results that will be sent to each plan and to MHCC this summer. Final CAHPS results will be presented, along with clinical data, in the 2002 HMO publications.

Health plans were informed that in 2002 the Commission once again intends to submit CAHPS survey results to National CAHPS Benchmarking Database (NCBD) for plans that do not object. As is the case with data that are sent to NCQA, MHCC, and each plan, no personal identifiers will be included in the data files to be submitted to NCBD. Only Aetna has chosen not to have its results submitted to this voluntary survey database, as it has over the past two years.

Performance Report Development Contract
A request for proposal (RFP) for HMO report development work was mailed January 31st. By the March 4th deadline, MHCC had received four proposals for the next contract period (2002 - 2004, with an extension period of one additional year through May 31, 2005). An evaluation committee met four times, beginning on March 14th and concluding its work on April 3rd with its recommendations to the Board of Public Works for a contract award. The evaluation committee scored the proposal from the National Committee for Quality Assurance (NCQA) as most favorable to the state. The committee recommended unanimously that the contract for development HMO reports be awarded to NCQA.

Legislative Update

On April 8th, the Maryland General Assembly concluded the 2002 legislative session, Sine Die.

In general, this year was a very successful session for the Commission, which received its requested budget amount. It had requested two positions that were not approved, however, the

legislature inserted language into the budget bill that allows the Commission to fill those two positions contractually and pay for them out of the Commission's surplus.

During the session, Commission staff reviewed 96 bills. The Commission took no position on 62 of those bills. The Commission took positions on 19 bills and wrote letters of information, support, or concern on 15 of them.

Letters of information (8): were sent on 6 mandated benefits bills, and two for a cross-filed proposed demonstration project under the Maryland Health Care Foundation.

Letters of support (2) were sent for the House and the Senate SAAC revision bills.

Letters of concern (5) were sent on: (1) a bill that would allow counties and municipalities to open their employee benefit plans to county or municipality residents – this bill could potentially affect the small group market and does not address a number of issues related to adverse selection and potential increased premiums for those county and municipality employees; (2) a bill that would require the Commission to report certain information about Managed Behavioral Health Care Organizations (MBHOs) on the *HMO Consumer Report* – it would not be possible to report aggregate MBHO information by HMO; (3) a bill that would change the definition of an ambulatory surgery facility that would have the effect of allowing overnight stays; (4) a bill that would have allowed the sale of benefit plans with limited mandated benefits that potentially could have affected the CSHBP; and (5) a bill that allowed the three Tri-County Councils in Maryland to join the State Employees Health Plan, thus leaving the small group market.

Supported (10): (1) an Insurance Administration departmental bill that would not allow carriers to discriminate among the commissions it pays its agents depending on the size of the small employer for which they write policies; (2,3) the repeal of the termination provisions on two cross-filed bills related to limited direct admissions in Continuing Care Retirement Communities (CCRC's) – this position was approved by the Commission under the auspices of a study of the issue conducted by Commission staff; (4,5) the Medical Review Committee Civil Immunity bill that was approved as a recommendation in the Patient Safety Interim Report; (6,7) the cross-filed bills to limit the open enrollment period for the self-employed in the small group market (Wick's recommendation); (8) supported, with amendment, the study of the All-Payor system expansion: the amendments would limit the scope of the study to issues pertaining to overcrowding and improper utilization of emergency rooms; and (9,10) supported, with amendments, the two cross-filed bills that were amended to require the MHCC to study certain provider reimbursement issues.

Opposed (9): (1,2) the two cross-filed bills that remove obstetric services as a category of medical services from the health planning statute, the effect of which would allow a hospital to add or eliminate the services without any review by the Commission; (3) a bill that would have required the Commission to survey the uninsured every two years (opposed for fiscal reasons); (4) a bill that would allow small employers who contract with Professional Employer Organizations to not be subject to small group market reforms; (5) a bill to partially deregulate the Open Heart CON process; and (6,7,8,9) four other House bills that would have adversely affected the small group market.

HEALTH RESOURCES

Certificate of Need

Staff issued a total of eight determinations of coverage by Certificate of Need review during the past month, and determined that two of the eight actions proposed by health care facilities during the last month do require Certificate of Need review and approval by the Commission. Kessler-Adventist Rehabilitation Hospital, located on the campus of Shady Grove Adventist Hospital in Rockville, sought a determination that it could, without Certificate of Need review, relocate twenty-two comprehensive inpatient rehabilitation (CIR) beds to be operated at Washington Adventist Hospital (WAH) in Takoma Park. Kessler-Adventist had acquired these beds from the Shady Grove Rehabilitation Hospital, a special rehabilitation unit formerly operated at the Fairland Adventist Nursing Home, and is required to seek the approvals necessary to re-implement the bed capacity. Staff determined that, since Kessler-Adventist and WAH are not members of the same merged asset system, a CON is needed to relocate the 22 CIR beds to WAH, and established the time frame for submission of the application.

Staff also determined that Peninsula Regional Medical Center (PRMC) and its affiliate Delmarva Surgery Center LLC, both in Salisbury, could not be permitted to keep open two of the four mixed-use general purpose operating rooms whose surgical volumes it had previously received Certificate of Need approval to relocate to a freestanding, non-rate regulated facility near the hospital. A key condition of this approval was that the four operating rooms at PRMC whose cases would move to the freestanding setting be taken out of service. On that basis, the relocation could be approved without a showing of net new need, because it did not add to the total ambulatory surgical capacity in Wicomico County. The ambulatory surgical facility is about to become licensed and begin operating.

The six determinations of non-coverage issued during March 2002 included three capital construction projects. Staff required Waldorf Health Care Center to submit documentation related to its expenditure of $1.9 million to build a 22-bed assisted living wing, for which it was required to seek a coverage determination before proceeding. Because the capital costs related to the assisted living beds cannot be factored into the facility's Medicaid rates, CON is not required, although the total cost of the non-regulated wing exceeded the current $1.5 million review threshold. Two hospital capital projects sought and received (after review and confirmation by the HSCRC) determinations from MHCC that CON review was not required for proposed capital projects. St. Joseph Medical Center in Towson plans a $7.3 million expansion and renovation of its emergency department, and Suburban Hospital in Bethesda has proposed to construct and equip two new operating rooms, in addition to other infrastructure renovations and upgrades of air handling, HVAC, and emergency power systems, at a projected cost of just over $15 million.

Staff also issued two letters related to office-based ambulatory surgical capacity: one to relinquish a previous determination, and one that approved a single operating room for an ophthalmology group in White Marsh, Baltimore County. Staff also notified a mortgage company handling a HUD-supported refinancing for Harford Gardens Nursing Home that the transaction raised no Certificate of Need-related issues.

Acute and Ambulatory Care Services

A notice was published in the April 5, 2002 issue of the *Maryland Register* that the State Health Plan chapter on acute hospital inpatient obstetric services will become effective as of April 15, 2002. This proposed regulation was adopted by the Commission at the March 21, 2002 Commission meeting.

On April 2nd, the second meeting of the Operating Room – Procedure Room Work Group was held. The work group completed discussions about the criteria the Commission uses to distinguish between an operating room and a procedure room for purposes of determining whether surgical capacity in a physician's office needs a Certificate of Need. The input from this work group will be considered in future ambulatory surgical services policy development.

A joint staff meeting of the MHCC and the HSCRC was held on March 15th. Issues discussed at that meeting included the Joint Study of Emergency Department Utilization, the Metropolitan Washington open heart surgery Certificate of Need review, the outpatient payment system under development by the HSCRC, the MHCC's Advisory Committee on Outcome Assessment in Cardiovascular Care, pending legislation, issues in chronic hospital care, and capital projects and rate increases considered or proposed by several hospitals.

On April 4th, the Joint Emergency Department Utilization Work Group met to discuss an updated draft of the report *Trends in Maryland Hospital Emergency Utilization: An Analysis of Issues and Recommended Strategies to Address Crowding*.

Long Term Care and Mental Health Services

A notice was published in the April 5, 2002 *Maryland Register* that the revised *State Health Plan for Facilities and Services: Long Term Care Services* (COMAR 10.24.08) will become effective as of April 15, 2002. The Commission submitted, in conjunction with the University of Maryland School of Medicine, a Letter of Intent to the Horizon Foundation to pursue long term care research. Commission staff participated in a meeting of the Maryland Department of Aging to explore an "Aging in Place" initiative on March 25th. On March 27th, staff attended a meeting held by the Maryland Department of Aging regarding evaluation of the Long Term Care Ombudsman program and use of the Commission's data for such evaluation. Staff is continuing to work on a Hospice Issue and Policy Brief for presentation at the May Commission meeting.

Specialized Health Care Services

The second meeting of the Advisory Committee on Outcome Assessment in Cardiovascular Care is scheduled for April 17, 2002 at 6:30 p.m. in the 2nd Floor Atrium of the Medical School Teaching Facility at the University of Maryland Medical School, Baltimore, Maryland.